

NORPAX
NICKEL MINES LIMITED

Report to the Shareholders



July 27, 1966

NORPAX NICKEL MINES LIMITED

OFFICERS	F. M. FIELDER - - - - - President
	J. J. CHISHOLM - - - - - Vice-President
	G. D. PATTISON - - - - - Secretary-Treasurer
	R. D. BELL - - - - - Assistant Secretary-Treasurer
DIRECTORS	R. D. BELL - - - - - Toronto, Ontario
	J. J. CHISHOLM - - - - - Toronto, Ontario
	F. M. FIELDER - - - - - Toronto, Ontario
	R. S. PADDON - - - - - Toronto, Ontario
	R. V. STAFFORD - - - - - Toronto, Ontario
AUDITORS	HOWARD BARTLETT, C.A. - - - - - Toronto, Ontario
TRANSFER AGENT AND REGISTRAR	THE CANADA TRUST COMPANY - - - - - Toronto, Ontario
HEAD OFFICE	SUITE 202, 170 BAY STREET - - - - - Toronto, Ontario
EXECUTIVE OFFICE	SUITE 509, 25 ADELAIDE STREET WEST - - - - - Toronto, Ontario
LISTED	THE TORONTO STOCK EXCHANGE

NORPAX NICKEL MINES LIMITED

Suite 509, 25 Adelaide Street West, Toronto 1, Ontario

DIRECTORS' REPORT

To the Shareholders:

We are pleased to present herewith the Annual Report of your Company, together with Financial Statements as at December 31, 1965 and at May 31, 1966, and the Auditor's Reports thereon.

The most active asset of the Norpax company at present is its interest in shares of Salal Molybdenum Mines Limited which is a subsidiary recently formed to hold all the claims of the molybdenum property at Salal Creek, British Columbia. This property is being explored and developed under a working option granted to Southwest Potash Corp. and since transferred to Amax Exploration Inc., another wholly-owned subsidiary of American Metal Climax, Inc.

In a series of recent transactions your Company has acquired the Salal shares and interest previously held by Purdex Minerals Limited; and has sold to Purdex approximately two-thirds of our share holdings in Treasure Mountain Copper Limited, and granted an option to Purdex on our remaining Treasure Mountain shares. As a result, Norpax has increased its equity in Salal Molybdenum Mines from approximately 45% to over 55%, giving Norpax firm control of this company.

The agreement between Norpax and the Pemberton Prospecting & Mining Syndicate, who were the vendors of part of the Salal property, has also been amended, eliminating the commitment by Norpax to underwrite shares of Salal with an accompanying option on additional Salal shares, and substituting therefore an option to January 16, 1970 on 200,000 Salal treasury shares at 30¢ per share.

Your Company has also arranged for its own financing, subject to acceptance for filing by the Toronto Stock Exchange, through the sale of 400,000 treasury shares at 15¢, accompanied by a three-month option on 200,000 shares at 20¢ per share. Completion of this financing will enable your Company to discharge all its debts and leave a cash working capital position sufficient for all anticipated needs.

As Shareholders were advised in a Progress Report last December, Amax Exploration at that time exercised its option to continue exploration and development of the Salal property during 1966, and thus committed itself, in accordance with the terms of the option, to expend a minimum of \$150,000 on such work in the current season. Amax recently advised us, also, that it has this Spring staked an additional 64 claims which, added to the original 78 and the 101 claims staked by Amax last year, now give Salal a solid block of 243 claims, embracing about 19 square miles of the 25-square-mile granite stock in which the molybdenum mineralization occurs. By the terms of the several agreements covering the Salal operations all these claims are the property of Salal Molybdenum Mines Limited.

Amax has made a very lengthy and detailed report to Norpax on the extensive work it conducted at Salal in 1965. Some 230 sizable samples were assayed, showing molybdenite content ranging from 0.01% up to as high as 5.86%. One test made along a length of 150 feet indicated that molybdenum values from freshly blasted trenches ran nearly five times higher than chip samples from surface at the

same points. This could be most significant when it is noted that among the many surface chip samples were such as 0.21% over 20 feet, 0.48% over 30 ft., 0.15% over 30 ft., 0.20% over 10 ft., and 0.13% over 80 ft., in addition to a great many assays ranging from 0.01% to 0.05%. Among the numerous assays were six from 50-pound bulk samples which averaged 0.33% MoS₂; while 23 grab samples averaged 0.56% molybdenite.

Amax also noted that "Mineralized granite containing significant amounts of molybdenite, exposed for widths of 100 to 600 feet, was observed at seven widely spaced localities" and that "mineralized rocks at Mud Lake, Logan Ridge and Glacier Island appear to be a continuous belt 10,000 feet long and 300 feet wide." Indicative of the possibilities of this one lengthy zone alone is the report by Amax that at Mud Lake 19 surface chip samples were collected along a north-south line extending 380 feet across the exposed rock. "Assays from the north end of the outcrops indicate 0.08% MoS₂ over a distance of 100 feet. . . . Samples from the southern end have assay values of 0.13% over 80 feet."

It is in this Mud Lake-Logan Ridge-Glacier Island area where the first diamond drilling by Amax is now in progress.

About 30 men constitute the Amax crew now working at Salal. Two heavy drills are engaged in the drilling on the Mud Lake to Glacier Island zone where four holes have initially been spotted. Each hole is scheduled to go about 1,000 feet, three cross-sectioning the zone, and one to probe to greater depth. Four drill hole sites have also been spotted in the Cornice Creek-Big Creek area in the southeastern part of the property where extensive molybdenum occurrences are present; and a packsack drill will drill shorter holes in the original discovery area at Float Creek in the central part of the property where the terrain is so precipitous that a regulation drill cannot be used. Amax prospectors and geologists, meanwhile, will continue their exploration of other areas of the large property.

OTHER INTERESTS

In addition to ownership of the shares in Treasure Mountain Copper under option to Purdex, your Company continues its 100% ownership of our partially-developed nickel-copper mine at Reynar Lake, north of Kenora, Ontario. A substantial tonnage of ore, averaging 1.26% nickel and 0.94% copper, has been blocked out on the two established levels. There are no immediate plans for proceeding with the next stage of development which would involve deepening the shaft and opening at least one additional deep level in order to increase ore reserves to a total that would justify production planning. However the continued heavy demand for nickel indicates the possibility that the price of nickel may again be advanced during the next 12 months, a development which might quickly change the position of our nickel-copper mine.

Included with your Annual Report is the Notice of the Annual Shareholders Meeting. If you do not plan to attend the Meeting in person, please be sure to complete the enclosed Proxy Form and return it at once in the envelope provided.

On behalf of the Board of Directors,

F. M. FIELDER

President.

July 27, 1966.

NORPAX NICKEL MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1965

ASSETS

CURRENT ASSETS

Cash	\$ 472.26	
Accounts receivable	18,938.22	\$ 19,410.48

INVESTMENTS

Shares of mining companies at cost		5,000.00
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FIXED ASSETS

Mining properties at cost:

For cash	38,697.20	
For 710,664 shares of capital stock as presently constituted	108,065.60	

Buildings and equipment at cost — less sales	146,762.80	
	94,342.32	241,105.12

DEFERRED EXPENDITURES AND OTHER ASSETS

Deferred exploration and development expenditures, per statement	1,091,273.83	
Deferred administrative expenditures, per statement	152,575.13	
Investment in Shebnor Mines Limited at nominal value	1.00	1,243,849.96
		<u>\$ 1,509,365.56</u>

LIABILITIES

CURRENT LIABILITIES

Loans payable	\$ 8,100.00	
Accounts payable	8,963.49	\$ 17,063.49

CAPITAL AND DEFICIT

CAPITAL STOCK

Authorized:

10,000,000 shares, par value \$1.00 each

Issued and fully paid:

6,950,000 shares at December 31, 1964 ..	6,950,000.00	
Less: Discount	5,183,971.10	\$ 1,766,028.90

400,000 shares issued in 1965 for cash ..	400,000.00	
Less: Discount	340,000.00	60,000.00

<u>7,350,000</u> shares	1,826,028.90	
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Deficit — unchanged during year	333,726.83	1,492,302.07
		<u>\$ 1,509,365.56</u>

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board of Directors:

F. M. FIELDER, Director.

A. B. WHITELAW, Director.

NORPAX NICKEL MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1965

1. CAPITAL STOCK INCREASE

As per Supplementary Letters Patent dated July 14, 1965, the authorized capital of the company has been increased from 7,500,000 to 10,000,000 shares by creating an additional 2,500,000 shares with a par value of \$1.00 each ranking on a parity with the existing shares of the company.

2. EXPLORATION AND DEVELOPMENT EXPENDITURES IN SALAL CREEK AREA, BRITISH COLUMBIA

Pursuant to an agreement your company receives 157,500 vendors' shares from Salal Molybdenum Mines Limited as a participant in the development of claims in the Salal Creek Area.

An additional 266,666 shares in Salal Molybdenum Mines Limited will be received in exchange for \$66,666.66 spent for exploration work, etc., on these claims.

3. CONTINGENT LIABILITY

As part of the above agreement your company is obligated to underwrite 266,666 shares of the capital stock of Salal Molybdenum Mines Limited for a total consideration of \$73,333.33.

4. EXPLORATION AND DEVELOPMENT EXPENDITURES IN TREASURE MOUNTAIN AREA, BRITISH COLUMBIA, PREVIOUSLY KNOWN AS "NORTH WEST GROUP"

Pursuant to an agreement regarding claims located in the Treasure Mountain Area your company receives 150,000 shares in a new company called Treasure Mountain Copper Limited in exchange for \$5,000.00 spent for exploration work on these claims.

Additional shares will be received from Treasure Mountain Copper Limited in exchange for the balance of the exploration and development expenditures in that area subject to the approval of the Ontario Securities Commission.

5. WERNER LAKE PROPERTY

No provision has been made for depreciation of buildings or equipment, or for any loss or damage due to the operations being shut down.

AUDITOR'S REPORT

To the Shareholders of
Norpax Nickel Mines Limited:

I have examined the balance sheet of Norpax Nickel Mines Limited as at December 31, 1965 and the statements of deferred exploration and development expenditures and deferred administrative expenditures for the year ended December 31, 1965. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of deferred exploration and development expenditures and deferred administrative expenditures present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of preceding years.

29 Colin Ave.,
Toronto 7, Ontario,
May 20, 1966.

HOWARD BARTLETT
Chartered Accountant.

NORPAX NICKEL MINES LIMITED

DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

For The Year Ended December 31, 1965

EXPLORATION AND DEVELOPMENT

Consulting and engineers' fees and expenses	\$ 3,212.90
Assays	155.46
Drilling	13,468.86
Transportation	7,091.61
General supplies	3,561.73
Management and other wages	6,098.89
Surveys	158.05
Licenses, insurance and sundries	5,226.83
Road to North West properties	5,000.00
	<u>\$43,974.33</u>

Foregoing were incurred on the various properties as follows:

	Balance December 31, 1964	Incurred in 1965	Balance December 31, 1965
PROPERTY			
Werner Lake, Ont.	\$ 812,097.39	\$ 1,970.55	\$ 814,067.94
Pickle Crow, Ont.	158,118.09	77.50	158,195.59
Lac Colomb, Que.	8,353.50	4.07	8,357.57
Salal Creek, B.C.	53,143.11	8,471.27	61,614.38
North West Group, Bear Lake and Maroon Lake, B.C.	20,587.41	33,450.94	54,038.35
	<u>1,052,299.50</u>	<u>43,974.33</u>	<u>1,096,273.83</u>
Transferred to Investments as per Note 4. to Financial Statements		5,000.00	5,000.00
Total	<u>\$ 1,052,299.50</u>	<u>\$38,974.33</u>	<u>\$ 1,091,273.83</u>

DEFERRED ADMINISTRATIVE EXPENDITURES

For The Year Ended December 31, 1965

	Balance December 31, 1964	Incurred in 1965	Balance December 31, 1965
Share issue and transfer expenses	\$ 27,836.26	\$ 341.54	\$ 28,177.80
Shareholders' information and publicity	28,693.72	1,150.81	29,844.53
Annual meeting and reports	5,740.61	1,710.22	7,450.83
Stock exchange fees	5,571.68	1,497.18	7,068.86
Legal and audit fees	22,259.60	2,134.55	24,394.15
Accounting and secretarial services	35,400.00	3,350.00	38,750.00
Administrative services and fees	3,300.00	3,950.00	7,250.00
Government fees and taxes	2,472.00	1,160.00	3,632.00
Travelling expenses	5,217.31	99.00	5,316.31
Office supplies and expenses	4,085.74	283.01	4,368.75
Directors' fees	6,450.00	1,000.00	7,450.00
	<u>147,026.92</u>	<u>16,676.31</u>	<u>163,703.23</u>
Less: Interest earned	11,128.10		11,128.10
Total	<u>\$135,898.82</u>	<u>\$16,676.31</u>	<u>\$152,575.13</u>

NORPAX NICKEL MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET AS AT MAY 31, 1966

ASSETS

CURRENT ASSETS

Cash	\$	42.09	
Accounts receivable		644.54	
Due from Purdex Minerals Limited		10,611.14	\$ 11,297.77

INVESTMENT IN AND ADVANCES TO OTHER MINING COMPANIES

— per statement			122,741.41
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FIXED ASSETS

Mining properties at cost:

For cash	33,342.99	
For 710,664 shares of capital stock as presently constituted	108,065.60	
	141,408.59	
Buildings and equipment at cost — less sales	94,342.32	235,750.91

DEFERRED EXPENDITURES AND OTHER ASSETS

Deferred exploration and development expenditures, per statement	986,702.61	
Deferred administrative expenditures, per statement	154,237.69	
Investment in Shebnor Mines Limited, at nominal value	1.00	1,140,941.30
		<u>\$ 1,510,731.39</u>

LIABILITIES

CURRENT LIABILITIES

Loans payable	\$	10,100.00	
Accounts payable		8,329.32	\$ 18,429.32

CAPITAL AND DEFICIT

CAPITAL STOCK

Authorized:

10,000,000 shares, par value \$1.00 each

Issued and fully paid:

7,350,000 shares at December 31, 1965

Less: Discount

	1,826,028.90	
DEFICIT — unchanged during period	333,726.83	1,492,302.07
		<u>\$ 1,510,731.39</u>

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board of Directors:

F. M. FIELDER, Director.

R. D. BELL, Director.

NORPAX NICKEL MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

May 31, 1966

1. EXPLORATION AND DEVELOPMENT EXPENDITURES IN SALAL CREEK AREA, BRITISH COLUMBIA

Pursuant to an agreement your company receives 157,500 vendors' shares from Salal Molybdenum Mines Limited as a participant in the development of claims in the Salal Creek area.

Your company receives an additional 266,667 shares in Salal Molybdenum Mines Limited in exchange for \$66,666.67 spent for exploration work, etc., on these claims.

2. CONTINGENT LIABILITY

As part of the above agreement your company is obligated to underwrite 266,666 shares of the capital stock of Salal Molybdenum Mines Limited for a total consideration of \$73,333.33.

3. EXPLORATION AND DEVELOPMENT EXPENDITURES IN TREASURE MOUNTAIN AREA, BRITISH COLUMBIA, PREVIOUSLY KNOWN AS "NORTH WEST GROUP"

Pursuant to an agreement regarding claims located in the Treasure Mountain area your company has received 150,000 shares in a new company called Treasure Mountain Copper Limited in exchange for \$5,000.00 spent for exploration work, etc., on these claims.

Additional shares will be received from Treasure Mountain Copper Limited in exchange for the balance of the exploration and development expenditures in that area subject to the approval of the Ontario Securities Commission.

4. WERNER LAKE PROPERTY

No provision has been made for depreciation of buildings or equipment or for any loss or damage due to the operations being shut down.

AUDITOR'S REPORT

To the Shareholders of
Norpax Nickel Mines Limited:

I have examined the balance sheet of Norpax Nickel Mines Limited as at May 31, 1966 and the statement of deferred exploration, development and administrative expenditures for the five month period ended May 31, 1966. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statement of deferred exploration, development and administrative expenditures present fairly the financial position of the company as at May 31, 1966 and the results of its operations for the five months ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of preceding years.

29 Colin Ave.,
Toronto 7, Ontario,
June 15, 1966.

HOWARD BARTLETT
Chartered Accountant.

NORPAX NICKEL MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

For the five month period ended May 31, 1966

	Balance Dec. 31, 1965	Incurred in 1966	Transferred to investments in and advances to other mining companies	Balance May 31, 1966
EXPLORATION AND DEVELOPMENT				
Werner Lake, Ontario	\$ 814,067.94	\$1,132.61		\$815,200.55
Pickle Crow, Ontario	158,195.59			158,195.59
Lac Colomb, Quebec	8,357.57			8,357.57
Salal Creek, B.C.	61,614.38		\$ 61,614.38	
Treasure Mountain Group, B.C.	49,038.35		49,038.35	
Maroon Creek, B.C.	5,000.00	(51.10)		4,948.90
	<u>\$ 1,096,273.83</u>	<u>\$1,081.51</u>	<u>\$110,652.73</u>	<u>\$986,702.61</u>
ADMINISTRATIVE				
Share issue and transfer expense	\$ 28,177.80	\$2,149.59		\$ 30,327.39
Shareholders' information	29,844.53	1.25		29,845.78
Annual meeting and reports	7,450.83	483.71		7,934.54
Stock exchange fees	7,068.86	40.02		7,108.88
Legal and audit fees	24,394.15	35.00	\$ 1,819.00	22,610.15
Accounting and secretarial services	38,750.00	1,250.00		40,000.00
Administrative services and fees	7,250.00	1,000.00	1,000.00	7,250.00
Government fees and taxes	3,632.00	35.00		3,667.00
Travelling expenses	5,316.31		553.38	4,762.93
Office supplies and expenses	4,368.75	40.37		4,409.12
Directors' fees	7,450.00			7,450.00
	<u>163,703.23</u>	<u>5,034.94</u>	<u>3,372.38</u>	<u>165,365.79</u>
Less: Interest earned	<u>11,128.10</u>			<u>11,128.10</u>
	<u>\$ 152,575.13</u>	<u>\$5,034.94</u>	<u>\$ 3,372.38</u>	<u>\$154,237.69</u>

INVESTMENT IN AND ADVANCES TO OTHER MINING COMPANIES

May 31, 1966

	No. of Shares	Book Value
Salal Molybdenum Mines Limited		
Shares	266,667	\$ 66,666.67
Advances		6,162.16
Treasure Mountain Copper Limited		
Shares	150,000	5,000.00
Advances		44,912.58
		<u>\$122,741.41</u>

FILE

***REPORT
TO
SHAREHOLDERS***

YEAR ENDED DECEMBER 31, 1967

NORPAX NICKEL MINES LIMITED

NORPAX NICKEL MINES LIMITED

OFFICERS	J. J. CHISHOLM <i>President</i>
	R. D. BELL <i>Secretary-Treasurer</i>
	G. D. PATTISON <i>Assistant Secretary-Treasurer</i>
DIRECTORS	B. J. ARNOLD Toronto, Ontario
	R. D. BELL Toronto, Ontario
	J. J. CHISHOLM Toronto, Ontario
	R. V. STAFFORD Toronto, Ontario
	A. B. WHITELAW Toronto, Ontario
AUDITORS	THORNE, GUNN, HELLIWELL & CHRISTENSON Toronto, Ontario
TRANSFER AGENT AND REGISTRAR	THE CANADA TRUST COMPANY . . . Toronto, Ontario
OFFICE	SUITE 509, 25 ADELAIDE STREET WEST . . . Toronto, Ontario

NORPAX NICKEL MINES LIMITED

Suite 509, 25 Adelaide Street West
Toronto 1, Ontario

Report of the Directors

To the Shareholders:

Presented herewith is the financial statement of your Company for the year ended December 31, 1967, with Auditors' Report thereon.

During the past year the Company has carried on negotiations with various interests in an attempt to arrange financing or a working option agreement which would result in further exploration work being performed on its nickel-copper property at Tiger Lake, north of Kenora, Ontario, and on the molybdenum property at Salal Creek, British Columbia, Salal Molybdenum Mines Limited. We regret to advise that to date the Company has been unsuccessful in finalizing any such arrangement; however, negotiations are still continuing with certain of these interests.

The Company continues to hold its property in the Pickel Crow Area of Ontario in good standing.

On behalf of the Board of Directors,

J. J. CHISHOLM,

President.

June 10, 1968.

NORPAX NICKEL MINES LIMITED

Auditors' Report

To the Shareholders of
NORPAX NICKEL MINES LIMITED:

We have examined the balance sheet of Norpax Nickel Mines Limited as at December 31, 1967 and the statements of deferred exploration and development expenditures, deficit, administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in accounting practice explained in note 1, which change we approve.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountant.

Toronto, Ontario,
June 10, 1968.

NORPAX NICKEL MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

Balance Sheet - December 31, 1967

(with comparative figures at December 31, 1966)

Assets

CURRENT ASSETS	1967	1966
Cash	\$ 4,036	\$ 17,503
Accounts receivable	404	500
	<u>4,440</u>	<u>18,003</u>
INTEREST IN OTHER MINING COMPANIES, at cost less amounts written off..		
Shares (no market value) (note 2)	120,876	138,662
Advances	6,409	5,876
	<u>127,285</u>	<u>144,538</u>
MINING PROPERTIES, at cost (note 3)	140,331	140,331
BUILDINGS AND EQUIPMENT, at nominal value		
(at cost, less proceeds from sales in 1966)	1	94,342
DEFERRED CHARGES		
Exploration and development expenditures	979,010	975,897
Administrative expenses (note 1)		173,324
	<u>\$ 1,251,067</u>	<u>\$ 1,546,435</u>

Liabilities

CURRENT LIABILITIES		
Accounts payable	\$ 4,366	\$ 8,523

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized: 10,000,000 shares par value \$1 each.		
Issued: 7,750,000 (400,000 shares issued in 1966 for \$60,000 cash)	7,750,000	7,750,000
Less discount thereon	5,863,971	5,863,971
	<u>1,886,029</u>	<u>1,886,029</u>
DEFICIT	639,328	348,117
	<u>1,246,701</u>	<u>1,537,912</u>
	<u>\$ 1,251,067</u>	<u>\$ 1,546,435</u>

Approved on behalf of the Board of Directors:

"J. J. CHISHOLM," Director.

"R. D. BELL," Director.

NORPAX NICKEL MINES LIMITED

NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 1967

1. CHANGE IN ACCOUNTING PRACTICE

In prior years, administrative expenses have been included in deferred charges. These expenses for the current year are reflected in the statement of administrative expenses and have been written off to deficit together with those deferred at the beginning of year.

2. INTEREST IN OTHER MINING COMPANY

An option granted to Purdex Minerals Limited to purchase 117,300 shares of Treasure Mountain Copper Limited at 15¼¢ per share was not exercised and expired December 27, 1967.

3. MINING PROPERTIES

46 Patented mining claims in the Werner Lake Area, Ontario.

17 Patented and 5 unpatented mining claims in the Pickle Crow Area, Ontario.

These claims were acquired for an aggregate consideration of 710,664 shares of capital stock valued at \$108,066 and \$32,265 cash.

4. OTHER STATUTORY INFORMATION

Direct remuneration of directors and senior officers (as defined by The Corporations Act) for the year amounted to \$1,800.

STATEMENT OF ADMINISTRATIVE EXPENSES

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Administrative services and fees	\$ 300	\$ 3,900
Accounting and secretarial services	1,600	3,000
Annual report and shareholders' information	2,437	3,450
Directors' fees		1,350
Government fees and taxes	105	321
Legal and audit	1,062	6,971
Listing fees		379
Office supplies and expenses	215	298
Stock transfer fees and expenses	1,633	4,771
	<u>7,352</u>	<u>24,440</u>
Less interest earned	313	319
	<u>7,039</u>	<u>24,121</u>
Expenses for the year	173,324	152,575
Balance deferred at beginning of year	<u>180,363</u>	<u>176,696</u>
Less expenses transferred to interest in other mining companies		3,372
Administrative expenses, current and prior years, written off to deficit in 1967	<u>\$ 180,363</u>	<u>\$ 173,324</u>

STATEMENT OF DEFICIT

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Deficit at beginning of year	\$ 348,117	\$ 333,727
ADD		
Cost of mining claims abandoned		1,078
Exploration and development expenditures thereon		13,312
Administrative expenses, written off	180,363	
Interest in other mining companies, written down	18,507	
Buildings and equipment, written down	92,341	
Deficit at end of year	<u>\$ 639,328</u>	<u>\$ 348,117</u>

NORPAX NICKEL MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

Year Ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Consulting fees and reports	\$ 2,450	\$ 2,050
Government fees and taxes	545	617
Insurance	50	440
Travel and field expenses	68	481
Expenditures for the year	3,113	3,588
Balance deferred at beginning of year	975,897	1,096,274
	<u>979,010</u>	<u>1,099,862</u>
DEDUCT		
Expenditures on abandoned claims transferred to deficit		13,312
Expenditures transferred to interest in other mining companies		110,653
		<u>123,965</u>
Balance deferred at end of year	<u>\$ 979,010</u>	<u>\$ 975,897</u>

SUMMARY

	Balance at beginning of year	Expenditures for the year	Balance at end of year
Werner Lake, Ontario	\$ 817,725	\$ 2,766	\$ 820,491
Pickle Crow, Ontario	158,172	347	158,519
	<u>\$ 975,897</u>	<u>\$ 3,113</u>	<u>\$ 979,010</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1967
(with comparative figures for 1966)

SOURCE OF FUNDS	1967	1966
Issue of shares of capital stock		\$ 60,000
Sale of shares in other mining company		32,788
Sale of buildings	\$ 2,000	
	<u>2,000</u>	<u>92,788</u>
APPLICATION OF FUNDS		
Exploration and development expenditures	3,113	3,588
Administrative expenses	7,039	24,121
Purchase of shares in other mining company		53,021
Advances to other mining companies	1,254	4,925
	<u>11,406</u>	<u>85,655</u>
Increase (decrease) in working capital	(9,406)	7,133
Working capital at beginning of year	9,480	2,347
Working capital at end of year	<u>\$ 74</u>	<u>\$ 9,480</u>

